



Senate

General Assembly

File No. 318

January Session, 2001

Substitute Senate Bill No. 1179

Senate, April 17, 2001

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE PAYMENT-IN-LIEU OF TAXES FOR CERTAIN GOVERNMENTAL REAL PROPERTY AND FOR PRIVATE COLLEGES AND GENERAL HOSPITALS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-19b of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 Not later than April first in any assessment year, any town or
4 borough to which a grant is payable under the provisions of section 12-
5 19a shall provide the Secretary of the Office of Policy and Management
6 with the assessed valuation of the [state-owned land and buildings and
7 the assessed valuation of the municipally owned airport] real property
8 eligible therefor as of the first day of October immediately preceding,
9 adjusted in accordance with any gradual increase in or deferment of
10 assessed values of real property implemented in accordance with
11 section 12-62c or subsection (e) of section 12-62a, which is required for
12 computation of such grant. Any town which neglects to transmit to the

13 [Secretary of the Office of Policy and Management] secretary the
14 assessed valuation as required by this section shall forfeit two hundred
15 fifty dollars to the state, provided the secretary may waive such
16 forfeiture in accordance with procedures and standards adopted by
17 regulation in accordance with chapter 54. Said secretary may on or
18 before the first day of August of the state fiscal year in which such
19 grant is payable, reevaluate any such property when, in [his] the
20 secretary's judgment, the valuation is inaccurate and shall notify such
21 town of such reevaluation by certified or registered mail. Any town or
22 borough aggrieved by the action of the secretary under the provisions
23 of this section may, not later than ten business days following receipt
24 of such notice, appeal to the secretary for a hearing concerning such
25 reevaluation. Such appeal shall be in writing and shall include a
26 statement as to the reasons for such appeal. The secretary shall, not
27 later than ten business days following receipt of such appeal, grant or
28 deny such hearing by notification in writing, including in the event of
29 a denial, a statement as to the reasons for such denial. Such notification
30 shall be sent by certified or registered mail. If any town or borough is
31 aggrieved by the action of the secretary following such hearing or in
32 denying any such hearing, the town or borough may [within two
33 weeks of] not later than ten business days after receiving such notice,
34 appeal to the superior court for the judicial district wherein such town
35 is located. Any such appeal shall be privileged.

36 Sec. 2. Section 12-19c of the general statutes is repealed and the
37 following is substituted in lieu thereof:

38 The Secretary of the Office of Policy and Management shall, not
39 later than September first, certify to the Comptroller the amount due
40 each town or borough under the provisions of section 12-19a, or under
41 any recomputation occurring prior to said September first which may
42 be effected as the result of the provisions of section 12-19b, and the
43 Comptroller shall draw [his] an order on the Treasurer on or before the
44 fifteenth day of September following and the Treasurer shall pay the

45 amount thereof to such town on or before the thirtieth day of
46 September following. If any recomputation is effected as the result of
47 the provisions of section 12-19b on or after the [September] August
48 first following the date on which the town has provided the assessed
49 valuation in question, any adjustments to the amount due to any town
50 for the period for which such adjustments were made shall be made in
51 the next payment the Treasurer shall make to such town pursuant to
52 this section.

53 Sec. 3. Section 12-20a of the general statutes is repealed and the
54 following is substituted in lieu thereof:

55 [On or before January first, annually, the] (1) The Secretary of the
56 Office of Policy and Management shall determine the amount due to
57 each municipality in the state, in accordance with this section, as a
58 state grant in lieu of taxes with respect to real property exempt from
59 taxation under any of the subdivisions of section 12-81 that is owned
60 by [any] and used as a private nonprofit institution of higher
61 [education] learning or any nonprofit general hospital facility or free
62 standing chronic disease hospital or an urgent care facility that
63 operates for at least twelve hours a day and that had been the location
64 of a nonprofit general hospital for at least a portion of calendar year
65 1996 to receive payments in lieu of taxes for such property, exclusive of
66 any such facility operated by the federal government or the state of
67 Connecticut or any subdivision thereof. [As used in this section
68 "private nonprofit institution of higher education" means any such
69 institution engaged primarily in education beyond the high school
70 level, the property of which is exempt from property tax under any of
71 the subdivisions of section 12-81; "nonprofit general hospital facility"
72 means any such facility which is used primarily for the purpose of
73 general medical care and treatment, exclusive of any hospital facility
74 used primarily for the care and treatment of special types of disease or
75 physical or mental conditions; and "free standing chronic disease
76 hospital" means a facility which provides for the care and treatment of

77 chronic diseases, excluding any such facility having an ownership
78 affiliation with and operated in the same location as a chronic and
79 convalescent nursing home.]

80 (2) The grant payable to any municipality under the provisions of
81 this section in the state fiscal year commencing July 1, 1999, and in
82 each fiscal year thereafter, shall be equal to seventy-seven per cent of
83 the property taxes which, except for any exemption applicable to any
84 such institution of higher [education] learning or general hospital
85 facility under the provisions of section 12-81, would have been paid
86 with respect to such exempt real property on the assessment list in
87 such municipality for the assessment date two years prior to the
88 commencement of the state fiscal year in which such grant is payable.
89 The amount of the grant payable to each municipality in any year in
90 accordance with this section shall be reduced proportionately in the
91 event that the total of such grants in such year exceeds the amount
92 appropriated for the purposes of this section with respect to such year.

93 (3) As used in this section and section 12-20b the word
94 "municipality" means any town, consolidated town and city,
95 consolidated town and borough, borough, district, as defined in
96 section 7-324, and any city not consolidated with a town; "institution of
97 higher learning" means any such institution, as defined in subsection
98 (a) of section 10a-34 or any independent college or university, as
99 defined in section 10a-37, which offers courses of instruction in
100 education beyond the high school level for which college or university-
101 level credit may be given or may be received by transfer; "general
102 hospital facility" means any such facility which is used primarily for
103 the purpose of general medical care and treatment, exclusive of any
104 hospital facility used primarily for the care and treatment of special
105 types of disease or physical or mental conditions; and "free standing
106 chronic disease hospital" means a facility which provides for the care
107 and treatment of chronic diseases, excluding any such facility having
108 an ownership affiliation with and operated in the same location as a

109 chronic and convalescent nursing home.

110 Sec. 4. This act shall take effect July 1, 2001, and shall be applicable
111 to the assessment year commencing October 1, 2000, and each
112 subsequent assessment year.

FIN **JOINT FAVORABLE SUBST.**

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Office of Policy and Management

Municipal Impact: None

Explanation**State Impact:**

There is a potential minimal workload savings to OPM by making various technical changes to the provisions related to municipal appeals of PILOT grants and by clearly defining the types of colleges and universities for which a PILOT grant is made. The changes contained in the bill are for the most part already current practice by OPM.

Municipal Impact:

Since the bill only makes various technical and conforming changes, which do not alter the amount of PILOT grants received by towns, there is no municipal fiscal impact.

OLR Bill Analysis

sSB 1179

AN ACT CONCERNING THE PAYMENT-IN-LIEU OF TAXES FOR CERTAIN GOVERNMENTAL REAL PROPERTY AND FOR PRIVATE COLLEGES AND GENERAL HOSPITALS.**SUMMARY:**

This bill makes several changes in the procedures governing municipal payment in lieu of taxes (PILOT) grants. It:

1. specifies the means by which the Office of Policy and Management (OPM) secretary must notify municipalities regarding PILOT property reevaluations;
2. reduces the time within which municipalities must appeal reevaluation decisions to Superior Court;
3. moves the cutoff date for including adjustments based on reevaluations in PILOT payments;
4. eliminates the January 1 deadline for the OPM secretary to determine each municipality's PILOT grant for tax-exempt property owned by private colleges, general and chronic disease hospitals, and certain urgent care facilities;
5. spells out the types of private college property eligible for PILOT grants; and
6. makes technical changes.

EFFECTIVE DATE: July 1, 2001 and applicable to the assessment year beginning on October 1, 2000 and each subsequent year

REEVALUATIONS – NOTICE AND APPEAL

By law, the OPM secretary must notify a municipality (1) when he

intends to reevaluate its valuation of state-owned property, Indian reservation land, or municipally owned airports eligible for PILOT grants, and (2) of his decision on its appeal of such a reevaluation. The bill requires the secretary to send these notices by registered or certified mail.

The bill also requires a municipality to appeal the secretary's decision on a reevaluation to Superior Court within 10 days, rather than two weeks, of receiving the notice.

GRANT ADJUSTMENTS

Under current law, adjustments based on reevaluations made before September 1 must be included in the September 30 grant payment. The bill moves the cutoff date back one month and requires the September 30 payment to reflect only adjustments made up to August 1. Subsequent adjustments must be held over until the next payment. But the bill creates an inconsistency by continuing to require the secretary to certify to the comptroller an amount for the September 30 payment that includes adjustments up to September 1.

PRIVATE INSTITUTIONS OF HIGHER EDUCATION

Current law requires the state to pay PILOT grants on tax-exempt real property owned by any nonprofit institution that is primarily engaged in post-secondary education. The bill specifies that the eligible property must not only be owned by, but also be used as, a private nonprofit institution of higher learning. (The law already requires that such property be used exclusively for educational purposes as a condition of its being tax-exempt.)

In addition, the bill specifies that the institution offer, or accept transfer of, college-level credit and be either licensed or accredited by the Board of Governors of Higher Education to offer degrees, or meet the following conditions:

1. be established in Connecticut,
2. have degree-granting authority and its home campus here,

3. not be part of the state public higher education system, and
4. not have the primary function of preparing students for a religious vocation.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 0